



County of Los Angeles  
**CHIEF ADMINISTRATIVE OFFICE**

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DAVID E. JANSSEN  
Chief Administrative Officer

August 20, 2003

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE BRATHWAITE BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

To: Supervisor Yvonne Brathwaite Burke, Chair  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: David E. Janssen  
Chief Administrative Officer

**STATE LEGISLATIVE UPDATE**

**Pursuit of County Position on ERAF Legislation**

Recently, the Second District Court of Appeal ruled in favor of the County in a dispute with the State Controller's Office over excess payments by the Fire District to the Education Revenue Augmentation Fund (ERAF) between 1997 and 1999. The Fire District's excess contributions to ERAF, which total \$100.6 million, must now be returned. However, the Court of Appeal denied the County's claim that the Fire District should be credited interest on sums from May 31, 2001 forward.

My office, County Counsel, the Auditor-Controller, the Fire District, and our Sacramento Advocates have been discussing alternative ways to recover the Fire District's funds without exacerbating the State's fiscal crisis or jeopardizing funding for school districts in Los Angeles County. The County could recover the funds by simply reducing the Fire District's November and December 2003 ERAF transfers. However, the State would have to backfill the \$100.6 million to prevent any loss of funds by schools. Alternatively, the County and the State could agree to a legislative remedy to adjust the Fire District's ERAF balance over several years, with the amount owed the Fire District accruing interest at the State pool rate. Under this approach the State would not have to make an immediate cash outlay and the County would gain interest on the funds. **Our Sacramento Advocates will pursue discussions with the State Department of Finance, the Governor's Office, and our County Delegation to secure legislation that would repay the Fire District's ERAF funds over time, with interest.**

### **Status of County-Interest Legislation**

**County-supported, if amended, AB 496 (Correa)**, which creates the Santa Ana River Conservancy (SARC), was referred to the Senate Appropriations Committee Suspense File on August 18, 2003. Because the bill will not be amended to add two members to the conservancy's board, one from the Los Angeles County Board of Supervisors and one representing the San Gabriel Valley Council of Governments, our Sacramento advocates will not support AB 496. The Senate Appropriations Committee staff analysis reports that the start-up costs for the SARC will be \$700,000 and the ongoing annual costs will be \$755,000, not including any acquisitions or the cost of operations and maintenance. The analysis notes that the SARC will duplicate the efforts of the State Coastal Conservancy, Wildlife Conservation Board, as well as the Departments of Parks and Recreation and Fish and Game, and it suggests that the author consider creating a program within one of those agencies, rather than a new State agency.

**County-opposed, AB 1051 (Goldberg)**, which would change the way utilities charge users for capital improvements, was amended on August 18, 2003. However, the amendment does not significantly change those aspects of the bill that are objectionable to the County and other local governments. AB 1051 was referred to the Senate Committee on Appropriations' suspense file. The County's Sacramento advocates, working with the bill's opponents and County Counsel, will continue their efforts to oppose passage of AB 1051.

**County-supported AB 1154 (Frommer)** was placed on the Senate Appropriations Committee's Suspense File because of potential increased State costs. AB 1154 would exempt certain staff positions within the Office of Statewide Health Planning and Development from statewide hiring freezes and staff cutbacks in order to enable a timely review of hospital construction plans.

**County-opposed AB 1470 (Vargas)**, which would authorize an increase in In-Home Supportive Services (IHSS) wages and benefits by voter initiative, was placed on the Senate Appropriations Committee's Suspense File because of potential increased State costs. The Committee Chair expressed "grave concerns" about allowing the voters to decide IHSS wages because they may not fully realize the ramifications that the initiative could have on other local government programs and services. Senator Jim Battin stated his concern about the bill's precedent and the impact it could have on collective bargaining negotiations in the public sector. He noted that a county's ability to finance a campaign to defeat the initiative would be restricted while labor unions would be allowed to raise significant amounts of money. Our Sacramento advocates, along with CSAC and numerous county advocates and affected interest groups, testified in opposition to the bill.

**County-supported AB 1676 (Dutra)** was placed on the Senate Appropriations Committee's Suspense File because of potential increased State costs. AB 1676 would require a pregnant woman's blood sample, which is currently drawn to test for blood type and hepatitis B, to also be tested for the HIV virus, unless the woman refuses.

On August 18, 2003, **AB 1690 (Leno)** was amended to re-instate County-opposed provisions which would authorize a local personal income tax to benefit public safety, including local emergency and trauma care. Previously, on July 16, 2003, AB 1690 was amended to become an intent bill to examine "allowing local governments to impose an income tax", and our Sacramento Advocates dropped the County's opposition to "no position" on the measure. **Given the re-instatement of County-opposed provisions, our Sacramento Advocates will oppose AB 1690.** The bill is awaiting assignment by the Senate Rules Committee.

**County-supported, if amended, SB 196 (Kuehl)**, which would change the way two members of the Regional Water Quality Control Board (RWQCB) are selected, making it possible for one county supervisor and one mayor or city council member to be appointed to the RWQCB, was passed by the Assembly on July 24, 2003, by a vote of 73 to 0, and sent to the Senate for concurrence. On August 18, 2003, SB 196 was moved from unfinished business to the Senate's Special Consent Calendar.

We will continue to keep you advised.

DEJ:GK  
MAL:JR:JF:DS:ib

c:     Executive Officer, Board of Supervisors  
       County Counsel  
       Local 660  
       All Department Heads  
       Legislative Strategist  
       Coalition of County Unions  
       California Contract Cities Association  
       Independent Cities Association  
       League of California Cities